Supreme Court, U.S.
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No. 03-869

IN THE

Supreme Court of the United States

ACCUSCAN, INC.,

Petitioner,

v.

XEROX CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

REPLY BRIEF

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PARTIES TO THE PROCEEDING

The names of all parties in the court whose judgment is sought to be reviewed appear in the caption of the petition for writ of *certiorari*.

Pursuant to Supreme Court Rule 29.6, petitioner, AccuScan, Inc. ("AccuScan"), states that it has no parent company and that no publicly held company owns 10% or more of its stock.

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I. THE ISSUES RAISED IN THIS PETITION ARE OF MANIFEST IMPORTANCE TO OUR PATENT SYSTEM

Xerox argues that this Court should deny AccuScan's petition because the decision below represents nothing more than the application of well-established precedent to a "routine" or "garden variety" patent case. (Br. In Opp., at 2 & 12-13). To the contrary, however, the issues raised in AccuScan's petition are of manifest importance to our patent system and demonstrate the Federal Circuit's continued hostility towards application of the doctrine of equivalents.

Last term, this Court affirmed the continued vitality of the doctrine of equivalents in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002). *See also Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997). While the Court's decision in *Festo* explicitly addressed the effect of claim amendments on prosecution history estoppel (amendment-based estoppel), the decision below relied on arguments—*not* claim amendments[1]—made during prosecution of AccuScan's patent application in the Patent Office (argument-based estoppel) to unrebuttably foreclose infringement under the doctrine of equivalents.

Despite Xerox's suggestion to the contrary, the law dealing with argument-based estoppel is neither "well settled" nor "well-established" in this Court (Br. In Opp., at 1, 2, 9, 12, 13 & 19). *See Keystone Driller Co. v. Northwest*

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[1] Xerox complains that AccuScan somehow misrepresented that no amendment was made to the Kolker patent claims. (Br. In Opp., at 7). While it is true that one of the claims at issue—Claim 1—was amended during prosecution, that amendment was *not* implicated in the decision below. (AccuScan Pet. App. A at 5a) ("That conclusion [of no infringement under the doctrine of equivalents] was not based on any narrowing amendment giving rise to prosecution history estoppel.").

Eng'g Corp., 294 U.S. 42, 48 (1935) ("[w]e do not attribute the force of an estoppel to what was said by the claimant in seeking to avoid prior art cited against his broad claims").

The Federal Circuit's application of argument-based estoppel has far-reaching impact since statements are made by an applicant during prosecution of virtually every patent application. The lack of certainty in the law on this issue leads to unpredictable and potentially unfair results. The significance of the issues presented in AccuScan's petition and the necessity for this Court to clarify the law of argument-based estoppel are confirmed by the existence of another petition for writ of *certiorari* pending before the Court on this issue. *See Cordis Corp. v. Medtronic AVE, Inc.*, 339 F.3d 1352 (Fed. Cir. 2003), *petition for cert. filed, Medtronic Vascular, Inc. v. Cordis Corp.*, (U.S. Jan. 5, 2004) (No. 03-963).

II. THE COURT BELOW IS BOUND BY THIS COURT'S DECISION IN *KEYSTONE DRILLER*

Xerox's efforts to avoid the consequences of this Court's statement in *Keystone Driller* are telling. (Br. In Opp., at 17-20). The questions presented in AccuScan's petition clearly encompass this Court's statements in *Keystone Driller*[2] and there has been no waiver of that issue.[3]

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[2] Contrary to Xerox's assertions (Br. In Opp., at 17-18), the questions presented in AccuScan's petition clearly articulate the need for this Court to identify the standard for determining when, if ever, argument-based estoppel applies to limit the doctrine of equivalents and the scope of any such estoppel. (AccuScan Pet., at i). Moreover, Xerox clearly had notice of AccuScan's position with respect to *Keystone Driller*, which was set forth in AccuScan's petition. (AccuScan's Pet., at i, 17).

[3] Xerox's assertion that AccuScan waived any argument based on *Keystone Driller* (Br. In Opp., at 18 n.3) is misplaced since AccuScan has steadfastly argued that the statements made during prosecution of the Kolker patent did not estop the doctrine of equivalents. Moreover, it is

In *Keystone Driller*, this Court rejected the notion that prosecution history estoppel could be created based on arguments made to the Patent Office:

> *We do not attribute the force of an estoppel to what was said by the claimant in seeking to avoid prior art* cited against his broad claims, but we do apply the principle that where such broad claims are denied and a narrower substituted, the patentee is estopped to read the granted claim as the equivalent of those which were rejected.

Keystone Driller, 294 U.S. at 48 (emphasis added).

Despite this unequivocal statement, that is precisely what the Federal Circuit has resorted to in the decision below. In fact, since *Keystone Driller* and *prior to* the creation of the Federal Circuit in 1982, the circuit courts remained split with respect to the applicability of argument-based estoppel. For instance, consistent with *Keystone Driller*, argument-based estoppel had been rejected by at least four circuit courts—the First, Second, Fourth and

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well settled that this Court can apply the correct law even if the parties did not argue it below. *See U.S. Nat'l Bank of Or. v. Indep. Ins. Agents of Am., Inc.*, 508 U.S. 439, 446-47 (1993); *Kamen v. Kemper Fin. Serv., Inc.*, 500 U.S. 90, 99 (1991) ("When an issue or claim is properly before the court, the court is not limited to the particular legal theories advanced by the parties, but rather retains the independent power to identify and apply the proper construction of governing law."); *Forshey v. Principi*, 284 F.3d 1335, 1357 (Fed. Cir.), *cert. denied*, 537 U.S. 823 (2002), *superseded by statute on other grounds* ("we may decide to apply the correct law even if the parties do not argue it, if an issue is properly before this court"); *Williams-Guice v. Bd. of Educ. of City of Chicago*, 45 F.3d 161, 164 (7th Cir. 1995); *Empire Life Ins. Co. of Am. v. Valdak Corp.*, 468 F.2d 330, 334 (5th Cir. 1972).

Seventh Circuits.[4] In analogizing patents to contracts, Judge Learned Hand emphasized the risk and uncertainty associated with limiting claims based on arguments made by patent solicitors to the Patent Office:

> We have often said that we would not look at the arguments used by solicitors to the examiners; specifications are intended to be the measure of the monopoly and of the contribution to the art. In each aspect they should be self-contained; that is the very purpose of their embodiment in a formal grant, which is all that is accessible to the public without much trouble and vastly more

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[4] *See Ekco Prod. Co. v. Chicago Metallic Mfg. Co.*, 321 F.2d 550, 555 (7th Cir. 1963) ("The claim must be construed to cover the actual invention and may not be limited by extraneous remarks in argument unaccompanied by actual amendment of the claim."); *Smith v. Mid-Continent Inv. Co.*, 106 F.2d 622, 627 (8th Cir. 1939) ("Such an estoppel is not, however, based upon the discussion in the Office or even upon statements made, in the Office, by the applicant but rests upon the rejection and substitution of claims. ... Under the rule above stated, we consider only the rejection and substitution of claims as the possible basis of estoppel."); *Bassick Co. v. Faultless Caster Corp.*, 105 F.2d 228, 231 (7th Cir. 1939) ("the terms of a claim should not be limited or extended by mere extraneous remarks of the applicant in argument without an actual amendment of the claim to that effect"); *Denominational Envelope Co. v. Duplex Envelope Co.*, 80 F.2d 186, 192 (4th Cir. 1935) ("the solicitors' arguments of themselves set up no estoppel"); *Catalin Corp. of Am. v. Catalazuli Mfg. Co.*, 79 F.2d 593, 594 (2d Cir. 1935) ("[w]e have often said that we would not look at the arguments used by solicitors to the examiners"); *Bowser, Inc. v. Richmond Eng'r Co.*, 166 F. Supp. 68, 76 (E.D. Va. 1958), *aff'd in part, rev'd in part*, 264 F.2d 595 (4th Cir. 1959) ("Mere arguments of a patent solicitor before the Patent Office do not constitute file wrapper estoppel especially where such arguments are based upon limitations not carried into the claims."); *Keyes Fibre Co. v. Chaplin Corp.*, 97 F. Supp. 605, 612 (D. Me. 1951) ("The law is clear that this Court cannot look to the arguments of counsel to the Patent Office to establish estoppel of the patentee as to the scope of allowed claims, where no change in the claims has resulted from that argument.").

> uncertainty. If the doctrine of the 'integration' of a written instrument has any basis at all, surely it should apply to such a document, for if a patent can be construed only by threading one's way through all the verbal ingenuities which casuistical solicitors develop to circumvent the objections of examiners, a labyrinth results, from which there is no escapt [*sic*].

Catalin Corp., 79 F.2d at 594; *see also Denominational Envelope*, 80 F.2d at 192-93 ("[T]he solicitors' arguments of themselves set up no estoppel. 'We read the claims as they are written, like the language of any other formal statement drawn up as the final memorial of the parties' intentions, and we decline to consider what was said arguendo during the passage of the case through the Patent Office ....'") (citations omitted).

Other circuits—the Sixth, Eighth and Tenth Circuits—have expressed a contrary view.[5] This Court has never addressed the conflict among the circuits over the issue of argument-based estoppel.[6]

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[5] *See Quikey Mfg. Co. v. City Prod. Corp.*, 409 F.2d 876, 878-89 (6th Cir. 1969); *Doran Coffee Roasting Co. v. Wyott Mfg. Co.*, 267 F.2d 200, 203-04 (10th Cir. 1959); *Wiegand v. W. Bingham Co.*, 106 F.2d 546, 548 (6th Cir. 1939); *Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co.*, 518 F. Supp. 607, 615 (E.D. Mo. 1981), *aff'd*, 684 F.2d 546 (8th Cir. 1982).

[6] This conflict within the circuit courts is a legitimate concern since "[n]ot all cases involving a patent-law claim fall within the Federal Circuit's jurisdiction." *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 834 (2002); *see also E.I. Du Pont de Nemours & Co. v. Okuley*, 344 F.3d 578, 583 n.3 (6th Cir. 2003); *Telcomm Tech. Serv., Inc. v. Siemens Rolm Communications, Inc.*, 295 F.3d 1249, 1251-52 (Fed. Cir. 2002). Therefore, each circuit court will likely apply the law in that circuit to patent appeals within their jurisdiction.

Today, despite this Court's statement in *Keystone Driller* that arguments presented to the Patent Office should not create an estoppel, the Federal Circuit continues to rely on argument-based estoppel to foreclose infringement under the doctrine of equivalents. *See Storage Tech. Corp. v. Cisco Sys., Inc.*, 329 F.3d 823, 836 (Fed. Cir. 2003); *Cortland Line Co. v. Orvis Co.*, 203 F.3d 1351, 1360 (Fed. Cir. 2000); *Pharmacia & Upjohn Co. v. Mylan Pharm., Inc.*, 170 F.3d 1373, 1376-79 (Fed. Cir. 1999); *Haynes Int'l, Inc. v. Jessop Steel Co.*, 8 F.3d 1573, 1578-79 (Fed. Cir. 1993), *clarified on rehearing*, 15 F.3d 1076 (Fed. Cir. 1994); *Texas Instruments Inc. v. U.S. Int'l Trade Comm'n*, 988 F.2d 1165, 1174-75 (Fed. Cir. 1993); *see also Deering Precision Instruments, L.L.C. v. Vector Distribution Sys., Inc.*, 347 F.3d 1314, 1326 (Fed. Cir. 2003), *petition for cert. filed* (Dec. 31, 2003) (No. 03-958); *Cordis Corp.*, 339 F.3d at 1363; *Schwing GmbH v. Putzmeister Aktiengesellschaft*, 305 F.3d 1318, 1327 (Fed. Cir. 2002); *Eagle Comtronics, Inc. v. Arrow Communication Lab., Inc.*, 305 F.3d 1303, 1316 (Fed. Cir. 2002), *cert. denied*, 537 U.S. 1172 (2003); *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1350 (Fed. Cir. 2002); *Interactive Pictures Corp. v. Infinite Pictures, Inc.*, 274 F.3d 1371, 1378-80 (Fed. Cir. 2001), *cert. denied*, 537 U.S. 825 (2002).

Thus, there exists a need for this Court to reconcile its statements made in *Keystone Driller* with the Federal Circuit's reliance on argument-based estoppel in the context of foreclosing infringement under the doctrine of equivalents.

III. THE FEDERAL CIRCUIT'S APPLICATION OF ARGUMENT-BASED ESTOPPEL DENIES PATENTEES ANY OPPORTUNITY TO REBUT THE ALLEGED ESTOPPEL

Xerox also argues that this Court should deny AccuScan's petition because, *inter alia*, "the Federal

Circuit's application of argument-based estoppel does not in any way implicate the 'complete bar' approach rejected by this Court in *Festo*." (Br. In Opp., at 14). Xerox, however, misses the point.

AccuScan is not arguing that the decision below applied amendment-based estoppel in a manner inconsistent with this Court's holding in *Festo*, but rather that the Federal Circuit has adopted the use of argument-based estoppel to completely foreclose the doctrine of equivalents *without* any opportunity to rebut the estoppel.

In *Festo*, this Court rejected the Federal Circuit's complete bar of the doctrine of equivalents when an amendment was made to a claim. *Festo*, 535 U.S. at 740-41. Instead, this Court confirmed that a patentee may rebut the presumption of prosecution history estoppel arising from a narrowing amendment:

> There are some cases, however, where the amendment cannot reasonably be viewed as surrendering a particular equivalent. The equivalent may have been unforeseeable at the time of the application; the rationale underlying the amendment may bear no more than a tangential relation to the equivalent in question; or there may be some other reason suggesting that the patentee could not reasonably be expected to have described the insubstantial substitute in question. In those cases the patentee can overcome the presumption that prosecution history estoppel bars a finding of equivalence.

Id.

While the Court's decision in *Festo* explicitly addressed the effect of claim amendments on prosecution history estoppel, the decision below went one step further by relying on arguments—*not* claim amendments[7]—made during prosecution of a patent application in the Patent Office to foreclose infringement under the doctrine of equivalents *without* affording AccuScan any opportunity to rebut a finding of estoppel. (AccuScan Pet. App. A at 5a-6a).

Thus, in contrast to this Court's pronouncement in *Festo* of a rebuttable presumption in the context of amendment-based prosecution history estoppel, the decision below foreclosed any opportunity whatsoever to rebut argument-based estoppel in the context of the doctrine of equivalents. By finding that arguments to distinguish prior art narrow claim terms and create an unrebuttable estoppel upon the doctrine of equivalents, the panel below reached far beyond the absolute bar of the Federal Circuit's *en banc* *Festo* decision, which this Court reversed.

Should this Court conclude that argument-based estoppel can serve as a limitation on the doctrine of equivalents, then, at the very least and consistent with this Court's holding in *Festo*, a patentee should be permitted to rebut the alleged surrender of subject matter in the same manner that a patentee may rebut the presumption of amendment-based prosecution history estoppel.

IV. ARGUMENT-BASED ESTOPPEL CREATES UNCERTAINTY AND DEFEATS THE EXPECTATIONS OF THE PATENTEE

Xerox argues that this Court should not "upset" the Federal Circuit's application of argument-based estoppel because the court has applied this principle for years. (Br. In

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[7] (AccuScan Pet. App. A at 5a).

Opp., at 18-20). The Federal Circuit's prior application of argument-based estoppel does not justify its continued disregard of this Court's statement in *Keystone Driller*.

Moreover, the inconsistent manner in which the Federal Circuit relies on arguments made during patent prosecution is prone to unpredictable and potentially unfair results. In contrast to claim amendments, application of argument-based estoppel renders the true scope of patent claims much more uncertain.

The extreme result of the Federal Circuit's application of argument-based estoppel is demonstrated by the decision below where the court relied on statements in the patent prosecution history to conclude that there was "a clear and unmistakable surrender" of subject matter *far more* expansive than the arguments made to distinguish the claims over the Krallinger reference (AccuScan Pet. App. A at 5a). *See Cybor Corp. v. FAS Tech., Inc.*, 138 F.3d 1448, 1458 (Fed. Cir. 1998) (*en banc*) (recognizing that the prosecution history should not limit scope of claims beyond arguments made by the patentee to distinguish over the prior art).

The Kolker patent applicant's statements relied upon by the court below evidence that the basis for distinguishing the Krallinger reference was that the Kolker invention provided page-by-page calibration, rather than the line-by-line calibration disclosed in the Krallinger reference where there was no need to store the white reference V_w because a new V_w was detected in the margin of each line. (AccuScan Pet. App. G at 72a). Nevertheless, the panel below applied argument-based estoppel to restrict the claims to storing V_w in its "pure form," when no such statement was ever made by the patent applicant. (AccuScan Pet. App. A at 4a). As such, Xerox was able to evade infringement under the doctrine of equivalents despite the fact that its accused products used page-by-page calibration as in the Kolker patent.

The panel below also held that "AccuScan explicitly disclaimed coverage of any device performing the mathematical calculation yielding V_o by something other than a divide circuit." (AccuScan Pet. App. A at 3a). Again, Xerox evaded infringement despite the fact that at least two of its accused products performed operations representative of division—namely, multiplication by a reciprocal and subtraction of logarithmic values. (AccuScan Pet. App. C at 17a).

Consequently, as demonstrated by the decision below, the Federal Circuit has developed argument-based estoppel into a mechanism that arbitrarily circumvents the doctrine of equivalents in contravention of this Court's precedent. AccuScan respectfully requests that this Court provide the correct standards for the fair and consistent application of claim arguments to the doctrine of equivalents.

CONCLUSION

The petition for writ of *certiorari* should be granted and the judgment below reversed.

Respectfully submitted,

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